

Report of the Commissioner of Financial Institutions

G. Edward Leary

**To the Honorable Gary R. Herbert, Governor
And the Legislature of the State of Utah**

A Portable Document Format (PDF) file containing a complete copy of the Fortieth Annual and Seventy-Fourth Report of the Commissioner of Financial Institutions has been delivered electronically to the Governor's Office, each member of the Legislature of the State of Utah, and the Director of the Legislative Research and General Counsel. An electronic copy of the report will soon be sent to each depository institution regulated by the Department. The report (Annual.pdf) will also be made available on the Department's website, at www.dfi.utah.gov/general-information/publications, for public review. A limited number of printed copies of the Report will be on file at the Department's office at 324 South State, Suite 201, in Salt Lake City, and will be made available upon request.

Executive Summary

As of June 30, 2020, the Department regulated 21 commercial banks, 29 credit unions, and 14 industrial banks. Total assets held in state-chartered depository institutions increased 13.41 percent this past year, from \$308,794,859,000, as of June 30, 2019, to \$350,216,823,000, as of June 30, 2020.

The Department also has under its jurisdiction 235 Residential First Mortgage Lenders, Brokers, and Servicers; 117 Licensed Money Transmitters; 31 brick and mortar and internet Deferred Deposit Lenders; 54 Title Lenders; 64 Check Cashers; and 8 Independent Escrow Agents registered to do business in Utah.

Significant Events During the Past Fiscal Year

Fiscal year 2020 saw an overall improvement in the economic condition for Utah's financial industries. While there was a decline in the number credit unions, total assets held by state-chartered depository institutions increased and nearly every depository institution saw a steady improvement in their financial condition. Institutions continued to report positive earnings and the quality of their loan portfolios were stronger. Capital levels continued to improve, reflecting the relative strength of Utah's economy. When the COVID-19 pandemic caused the economy to stagnate, deposits in financial institutions continued to grow. Overall, financial institutions in the State of Utah are handling the economic effects of the coronavirus-related restrictions fairly well.

Three depository institutions were chartered in fiscal year 2020, one commercial bank and two industrial banks. These are the first depository institutions chartered in Utah since April of 2007. Each of these depository institutions are still in the process of organizing.

As of June 30, 2020, the Department continued to be the sixth largest state banking regulator in

the United States, as measured by total assets under supervision. The Department was ranked behind states with larger financial centers; like New York, Texas, California, North Carolina, and Massachusetts, but was ahead of the banking departments in Illinois, Alabama, and Delaware.

Total assets in state-chartered commercial banks increased 7.94 percent in fiscal year 2020, going from \$177.6 billion, as of June 30, 2019, to \$191.7 billion, as of June 30, 2020. The total number of operating state-chartered commercial banks remain steady at twenty-one. No banks were closed during the year. As of June 30, 2020, Utah's three largest state-chartered commercial banks were: Ally Bank at \$172.9 billion; Altabank (formerly known as People's Intermountain Bank) at \$3.1 billion; and Cache Valley Bank at \$2.7 billion.

The number of state-chartered credit unions declined by one this past year, due to a state-chartered credit union merging into a federally-chartered credit union. Total assets held by credit unions grew 12.31 percent during the fiscal year, going from \$1.82 billion, as of June 30, 2019, to \$2.05 billion, as of June 30, 2020. Utah Power Credit Union, at \$799.5 million in total assets, continues to be Utah's largest state-chartered credit union. Alpine Credit Union, at \$241.7 million, and TransWest Credit Union, at \$163.5 million, are the next two largest state-chartered credit unions.

The number of industrial banks in Utah held steady in fiscal year 2020, while total assets increased by 20.95 percent, going from \$129.4 billion, as of June 30, 2019, to \$156.5 billion, as of June 30, 2020. UBS Bank USA, at \$75.6 billion, Sallie Mae Bank, at \$30.4 billion, and Optum Bank, at \$11.8 billion, are the three largest industrial banks in Utah.

Department's Financial Information

The department's cash receipts totaled \$7,537,636 in fiscal year 2020, a 9.43 percent increase over the revenues collected in fiscal year 2019.

The department was appropriated \$8,101,900 by the legislature for fiscal year 2020, and lapsed \$967,590 back to the DFI Restricted Fund Account at the end of the fiscal year. The COVID-19 pandemic curtailed all of the Department's in-state and out-of-state travel for a third of the fiscal year.

Legislation Affecting Financial Institutions or the Department

There were three bills passed during the 2020 General Session of the Legislature that had a significant affect on the operations of the Department or the financial institutions we regulate. Below is a summary of those bills.

HB 10, 6th Substitute, "Boards and Commissions Amendments" established sunset provisions for the Board of Financial Institutions, under subsection 7-1-203 (July 1, 2021), the Board of Bank Advisors, under subsection 7-3-40 (July 1, 2022), and the Board of Credit Union Advisors, under

subsection 7-9-43 (July 1, 2023). Each board will be reviewed by the legislature prior to its sunset date to determine if the board should be repealed or renewed. Effective May 12, 2020.

HB 319, 3rd Substitute, “Consumer Lending Amendments“ amended Chapter 23 of Title 7, restricting lenders from avoiding the requirement of executing an extended payment plan under subsection 7-23-403(1)(c) by extending an interest-bearing loan within seven days before the day on which the 10-week period ends. The bill also amends registration requirements, report requirements, and operational requirements for Deferred Deposit Lenders, and amends the Commissioner’s annual reporting requirements regarding deferred deposit lending. Effective May 12, 2020.

HB 459, 5th Substitute, “Financial Exploitation Prevention Act, enacts Chapter 26 of Title 7, containing definitions of a covered financial institution, vulnerable adult, and financial exploitation. The bill permits a covered financial institution to delay certain transactions and notify a law enforcement agency or Adult Protective Services under certain circumstances. It also grants immunity to a covered financial institution, except under certain circumstances. Effective May 12, 2020.